

# Morning Brief

Daily | January 23, 2024

## Today's Outlook:

**US MARKETS: Top-tier economic data is on the calendar for this week that will likely influence the Federal Reserve's interest rate decision next week.** A preliminary estimate of economic growth is due on Wednesday, where fourth quarter GDP is expected to grow by 2.0%, after a 4.9% rise in the previous quarter. Meanwhile, Thursday's US Inflation reading will provide fresh insights into the Fed's 2% target goal, at a time when markets have been widely expecting a rate cut in March. The odds of a rate cut by the Federal Reserve in March have shifted to 50-50 following improved retail sales and consumer sentiment data, from almost 80% last week.

**ASIAN MARKETS: Shanghai & Hang Seng HKG stock markets fell around 2% after China's central bank announced their PBoC Loan Prime Rate unchanged (as expected) at 3.45% and 4.2% for 5 years respectively.** Today, it is the Bank of Japan's turn to release their interest rate decision which almost certainly will not move from their super-loose monetary policy at -0.1%; while keeping an eye on the BOJ Core CPI which is predicted to rise slightly by 0.1% to 2.8% yoy. Meanwhile, South Korea earlier this morning reported December Producer-level Inflation which rose to 1.2% yoy from 0.6% the previous month.

**COMMODITIES: 2024 COULD BE THE YEAR OF CRUDE OIL RISE. OIL prices rose around 2% on Monday amid concerns over global energy supplies following Ukraine's drone attack on Russia's Novatek fuel terminal; plus extreme cold weather continues to hamper US crude production in North Dakota as the third-largest oil-producing state which covers 20% of USA oil output.** There is also no sign of a cessation of Israeli attacks on Gaza, while Iran-allied Houthi militants are still targeting commercial vessels in the Red Sea despite US countermeasures. Brent crude oil for the March contract closed at USD 80.06 per barrel, up 1.9%. The US West Texas Intermediate (WTI) crude oil contract for February delivery closed at USD 75.19, up 2.4% as the contract expired. Global demand growth forecasts for 2024 issued by the US Energy Information Administration, the International Energy Agency, and OPEC+ suggest a range between 1.24 million and 2.25 million barrels per day, although all three organizations expect demand growth to slow in 2025.

## Corporate News

**PLN prepares IDR 1.21 trillion for bond and Sukuk Ijarah repayment** PT Perusahaan Listrik Negara (Persero) has prepared funds for the payment of principal repayment obligations for the PLN Phase III 2019 Series B Sustainable Bonds. In a written statement, Alois Wisnuwardhana, Corporate Secretary of PLN (19/1) yesterday said that PLN prepared funds for the payment of principal bonds with the code (PPLN03BCN3) amounting to IDR 1.21 trillion and the remaining ijarah reward of Sustainable Sukuk Ijarah III PLN Phase III Year 2019 Series B (SIPPLN03BCN3) with the code IDR 263 billion. (Emiten News)

## Domestic Issue

**Planning to Invest in ORI025? Here's the Economist's Advice** The government will soon offer the latest series of retail Government Securities (SBN), ORI025 this year. Investors are advised to hold-to-maturity to get maximum profits on this investment instrument. For information, ORI025 is the first retail SBN to be marketed this year. The Ministry of Finance's DJPPR has released a schedule for the issuance of eight 2024 retail SBNs (tentative). Referring to the schedule, the ORI025 series will be offered on January 29, 2024-February 22, 2024. Bank Permata Chief Economist Josua Pardede said that the current economic conditions are still filled with uncertainty, especially in terms of how the condition of the Chinese economy and the uncertainty of US interest rate cut timing this year. "For investors who tend to hold-to-maturity, this ORI asset is relatively attractive, considering that deposit interest rates tend to be flat so this asset will be more attractive," he told Kontan, last Monday (22/1). He estimates that the coupon for this series will still be around the 6% level in line with the BI interest rate which is still relatively high. (Kontan)

## Recommendation

**US10YT is hanging on the NECKLINE SUPPORT of the (bullish reversal) CUP & HANDLE pattern, plus MA50 & MA10, which has actually provided a way to strengthen towards the TARGET yield of 4.336%.** ADVISE: BUY ON WEAKNESS in the midst of a fresh uptrend that has begun to be organized based on the placement of its Moving Average. TARGET yield closer: 4.258%.

**ID10YT rebounded from the Support upper wedge with a Bullish Engulfing candle, and finally able to break back above the Resistance three Moving Average (MA10,20,50).** Thus we see the potential towards the TARGET yield of 6.948% - 6.962% is still open. ADVISE: AVERAGE UP above the yield of 6.75%.

## PRICE OF BENCHMARK SERIES

FR0090	: 96.66 (+0.04%)
FR0091	: 98.95 (+0.12%)
FR0094	: 96.21 (+0.09%)
FR0092	: 102.75 (+0.02%)
FR0086	: 98.55 (+0.15%)
FR0087	: 99.62 (+0.13%)
FR0083	: 106.45 (+0.11%)
FR0088	: 96.40 (+0.00%)

## CDS of Indonesia Bonds

CDS 2yr:	-0.52% to 31.68
CDS 5yr:	-0.05% to 74.22
CDS 10yr:	-0.49% to 131.12

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.60%	-0.02%
USDIDR	15,635	0.13%
KRWIDR	11.68	0.14%

## Global Indices

Index	Last	Chg.	%
Dow Jones	38,001.81	138.01	0.36%
S&P 500	4,850.43	10.62	0.22%
FTSE 100	7,487.71	25.78	0.35%
DAX	16,683.36	128.23	0.77%
Nikkei	36,546.95	583.68	1.62%
Hang Seng	14,961.18	(347.51)	-2.27%
Shanghai	2,756.34	(75.94)	-2.68%
Kospi	2,464.35	(8.39)	-0.34%
EIDO	22.08	(0.13)	-0.59%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,021.7	(7.8)	-0.38%
Crude Oil (\$/bbl)	74.76	1.51	2.06%
Coal (\$/ton)	127.45	(0.55)	-0.43%
Nickel LME (\$/MT)	16,007	(29.0)	-0.18%
Tin LME (\$/MT)	25,617	319.0	1.26%
CPO (MYR/Ton)	3,904	(35.0)	-0.89%

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	4.94%	5.17%
FX Reserve (USD bn)	146.40	138.10	Current Acc (USD bn)	-0.90	-1.90
Trd Balance (USD bn)	3.30	2.41	Govt. Spending Yoy	-3.76%	10.62%
Exports Yoy	-5.76%	-8.56%	FDI (USD bn)	4.86	5.14
Imports Yoy	-3.81%	3.29%	Business Confidence	104.82	104.30
Inflation Yoy	2.61%	2.86%	Cons. Confidence*	123.80	123.60

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 22 – Jan.	US	22:00	Leading Index	Dec	-0.1%	-0.3%	-0.5%
	CH	—	FDI YTD YoY CNY	Dec	-8.0%	—	-10.0%
<b>Tuesday</b> 23 – Jan.	EC	22:00	Consumer Confidence	Jan P		-14.0	-15.0
	JP	—	BoJ Policy Balance Rate	Jan 23		—	-0.100%
<b>Wednesday</b> 24 – Jan.	US	21:45	S&P Global US Manufacturing PMI	Jan P		48.0	47.9
	GE	15:30	HCOB Germany Manufacturing PMI	Jan P		44.0	43.3
	EC	16:00	HCOB Eurozone Manufacturing PMI	Jan P		—	44.0
	JP	07:30	Jibun Bank Japan PMI Mfg	Jan P		—	47.9
<b>Thursday</b> 25 – Jan.	US	20:30	GDP Annualized QoQ	4Q A		1.9%	4.9%
	US	20:30	Durable Goods Orders	Dec P		1.0%	5.4%
	US	20:30	Initial Jobless Claims	Jan 20		—	187K
	US	22:00	New Home Sales	Dec		650K	590K
	GE	16:00	IFO Business Climate	Jan		86.9	86.4
	GE	16:00	IFO Expectations	Jan		—	84.3
	KR	06:00	GDP YoY	4Q A		2.2%	1.4%
<b>Friday</b> 26 – Jan.	US	20:30	Personal Income	Dec		0.3%	0.4%
	US	20:30	Personal Spending	Dec		0.4%	0.2%
	EC	16:00	M3 Money Supply YoY	Dec		—	-0.9%
	JP	06:30	Tokyo CPI YoY	Jan		2.0%	2.4%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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